

## § 384.8

case the Collective shall, in addition to paying the amount of any underpayment, bear the reasonable costs of the verification procedure.

### § 384.8 Unclaimed funds.

If a Collective is unable to identify or locate a Copyright Owner who is entitled to receive a royalty payment under this part, the Collective shall retain the required payment in a segregated trust account for a period of 3 years from the date of payment. No claim to such payment shall be valid after the expiration of the 3-year period. After the expiration of this period, the Collective may apply the unclaimed funds to offset any costs deductible under 17 U.S.C. 114(g)(3). The foregoing shall apply notwithstanding the common law or statutes of any State.

## PART 385—RATES AND TERMS FOR USE OF MUSICAL WORKS UNDER COMPULSORY LICENSE FOR MAKING AND DISTRIBUTING OF PHYSICAL AND DIGITAL PHONORECORDS

### Subpart A—Physical Phonorecord Deliveries, Permanent Digital Downloads and Ringtones

Sec.

385.1 General.

385.2 Definitions.

385.3 Royalty rates for making and distributing phonorecords.

385.4 Late payments.

### Subpart B—Interactive Streaming, Other Incidental Digital Phonorecord Deliveries and Limited Downloads

385.10 General.

385.11 Definitions.

385.12 Calculation of royalty payments in general.

385.13 Minimum royalty rates and subscriber-based royalty floors for specific types of services.

385.14 Promotional royalty rate.

385.15 [Reserved]

385.16 Reproduction and distribution rights covered.

385.17 Effect of rates.

AUTHORITY: 17 U.S.C. 115, 801(b)(1), 804(b)(4).

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## 37 CFR Ch. III (7–1–12 Edition)

### Subpart A—Physical Phonorecord Deliveries, Permanent Digital Downloads and Ringtones

#### § 385.1 General.

(a) *Scope.* This subpart establishes rates and terms of royalty payments for making and distributing phonorecords, including by means of digital phonorecord deliveries, in accordance with the provisions of 17 U.S.C. 115.

(b) *Legal compliance.* Licensees relying upon the compulsory license set forth in 17 U.S.C. 115 shall comply with the requirements of that section, the rates and terms of this subpart, and any other applicable regulations.

(c) *Relationship to voluntary agreements.* Notwithstanding the royalty rates and terms established in this subpart, the rates and terms of any license agreements entered into by Copyright Owners and Licensees shall apply in lieu of the rates and terms of this subpart to use of musical works within the scope of such agreements.

#### § 385.2 Definitions.

For purposes of this subpart, the following definitions apply:

*Copyright owners* are nondramatic musical work copyright owners who are entitled to royalty payments made under this subpart pursuant to the compulsory license under 17 U.S.C. 115.

*Digital phonorecord delivery* means a digital phonorecord delivery as defined in 17 U.S.C. 115(d).

*Licensee* is a person or entity that has obtained a compulsory license under 17 U.S.C. 115, and the implementing regulations, to make and distribute phonorecords of a nondramatic musical work, including by means of a digital phonorecord delivery.

*Permanent digital download* means a digital phonorecord delivery that is distributed in the form of a download that may be retained and played on a permanent basis.

*Ringtone* means a phonorecord of a partial musical work distributed as a digital phonorecord delivery in a format to be made resident on a telecommunications device for use to announce the reception of an incoming telephone call or other communication or message or to alert the receiver to